B.COM.SEMESTER–3		
7	**IKS-2**	**INDIAN ECONOMY**

Name of the Course: Indian Economy

Total marks: 50

Particular	Number of Lectures
UNIT1 Indian Economy • Meaning and definitions of developing economy • Characteristics of a developing economy with reference to Indian economy • Challenges of Indian economy • Solutions/remedies to overcome present challenges of Indian economy	10
UNIT2 Agriculture in India • Importance of agriculture sector • Challenges in agriculture in India • Promotional schemes of government for agriculture development • Suggestions to overcome agriculture challenges	10
• **UNIT3 NITIAYOG** • Meaning and definitions of NITIAYOG • Brief overview of economic planning • Differentiate between planning commission and NITIA yog • Objectives of NITIAYOG • Structure and functions of NITIAYOG	05

UNIT-1

INDIAN ECONOMY

Q:1 What is the meaning and definitions of developing economy?

A developing economy refers to a country that is in the process of growing and improving its economic structure, industrial base and living standards.

In a developing economy, many aspects such as education, healthcare and technology are still being developed. The country is often working to reduce poverty, increase employment opportunities and improve overall quality of life for its population.

Q:2 Explain the characteristics of a developing economy with reference.(2024)

1) Low Per Capital Income

In India, a large part of the population earns a low income. Despite economic growth, the average income per person remains lowers compared to developed countries .This is because wealth is unevenly distributed.

2) High Population Growth

India has one of the largest populations is the world and it continues to grow rapidly. This high population growth ruts pressure on resources life food, housing and healthcare. It also makes it challenging to provide education and employment for everyone.

3) Agriculture Dominance

Agriculture plays a crucial role in India's economy, with a large part of the population depending on farming. However, agriculture in India is less productive due to factors like small lands, depends on rains and outdated farming techniques.

4) Poverty and Unemployment

A significant portion of India's population lives below the poverty line, struggling to meet basic needs likes food, shelter and clothing. Unemployment and underemployment are also major issues among young people and in rural areas, where job opportunities are limited.

5) Urban Rural Divide

India has a stark contrast between urban and rural areas. Cities like Mumbai, Delhi and Bangalore are hubs of economic activity, with better infrastructure education and job opportunities. In contrast rural areas lack basic facilities like electricity, clean water and healthcare leading to a wide gap in living standards.

6) <u>Inadequate Infrastructure</u>

India's infrastructure, including roads, railways, electricity and communication network is still developing. Poor infrastructure can hinder economic growth by making it difficult to transport goods, access markets and provide services efficiently.

7) <u>Dependence On Foreign Trade</u>

India is engaged in global trade, exporting goods like textiles and agricultural products. However the country imports like oil, machinery and technology.

8) <u>Social Inequality</u>

India has social inequalities based on factor like caste, gender and region. These inequalities can limit access to education healthcare and employment opportunities for some groups, slowing all aver economic progress.

Q:3 Discuss the challenges of Indian economy in brief. (2024)

1) <u>Unemployment</u>

India faces challenge in providing enough jobs for its large and growing population many people, are either unemployed or under employed. They works in jobs but don't match their skills or provide enough income.

2) <u>Poverty</u>

Despite economic progress, India's population still lives in poverty. Many people struggle to meet their basic needs, such as food, shelter, clothes and healthcare efforts to reduce poverty face challenges like slow economic growth, unequal distribution of wealth and inadequate access to education and healthcare. Efforts to reduce poverty face challenges like slow economic growth, unequal distribution of wealth and inadequate access to education and healthcare.

3) <u>Agricultural Dependence</u>

A significant part of India population relies on agricultural. However, agricultural in India is less productive due to factors like small lands, depends on rains and outdated farming techniques. Low productivity in agriculture keeps farmer's incomes low and makes them vulnerable to economic shocks like droughts or price fluctuation.

4) **<u>Infrastructure Deficit</u>**

India's infrastructure, including roads, railways, electricity and water supply is still developing. The country needs massive investments in infrastructure to support its growing economy and improve living standards.

5) **<u>Education and skill development</u>**

While literacy rates in India have improved, there is still gap in quality of education. Many schools lack proper facilities, qualified teachers and less updated curriculums. So, there is a mismatch between the skills taught in institution and needs of the job market, leading to unemployment or underemployment among graduates.

6) **<u>Healthcare Access</u>**

Access to quality healthcare remains a major challenge in India, particular in rural areas. Many people can not afford necessary medical treatments and public healthcare facilities. This leads to poor health, which in turn affects productivity and economic growth.

7) **<u>Trade Deficit</u>**

Indian imports more that it exports, leading to a trade deficit. Country spends more foreign currency on imports which can put pressure on the economy. Dependency on imports for essential goods like oil, machinery and technology makes India vulnerable to global market fluctuations and can impact economic stability.

Q:4 Explain the solution/remedies to overcome present challenges of Indian economy.

Make suggestion to overcome the current challengers of the Indian economy. (2024)

1) <u>Job Creation and Skills Development</u>

Encouraging startups and small businesses can create more job opportunities. The government can provide financial support, training and simplified regulations to help entrepreneurs succeed.

2) <u>Agricultural Reforms</u>

Promoting the use of modern technology, irrigation and better seeds can help them adopt these practices. Encouraging farmers to engage in activities like dairy and poultry can supplement their income.

3) <u>Infrastructure Development</u>

Build better roads, railways, ports, and power electricity can support economic growth. Public private partnerships can be used to fund large infrastructure projects.

4) Improve Education

Enhancing the quality of education by improving teacher training, updating curriculums and providing better facilities in school, especially in rural areas. It can ensure that students are well prepared for the job market.

5) Strengthen Healthcare

Improving the quality of healthcare can ensure better health outcomes for all citizens. Providing affordable healthcare through public and private partnerships can also help. Educating people about healthy lifestyles .

6) Address Income Inequality

Implementing a fair and progressive tax system can reduce income inequality. Expanding social welfare programs like pensions, unemployment benefits can help reduce inequality and support the poor people.

7) Balance Trade and Manage Deficits

Encouraging the production of high value goods and services for export can reduce the trade deficit. The government can support exporters with subsidies and simplifying export procedures.

8) Encourage Foreign Investment

Simplifying regulations and creating a business friendly environment can attract more foreign investment, which can boost economic growth and creates jobs. The government can also offer incentives to foreign companies to invest in key sectors like technology and manufacturing.

UNIT-2
AGRICULTURE IN INDIA

The agriculture sector is not just about farming; it is a vital component of the economy that impacts many aspects of life, from food security and employment to culture and environmental sustainability.

Q:1 Explain the importance of agriculture sector. (2024)

1) **Source of Livelihood**

Agriculture is the primary source of livelihood for a large portion of the population in many countries, especially in rural areas. In India, around half of the work force is employed in agriculture, marking it important sector for providing jobs and sustaining families.

2) **Food Security**

Agriculture is essential for producing the food that people eat everyday. It ensures that there is enough food to feed the population, and reducing dependency on food imports.

3) **Raw materials for Industries**

Many industries, such as textiles, food processing and biofuels, depends on raw materials produced by the agriculture sector. For example, Cotton is essential for the textile industry and sugarcane is used to produce and ethanol. Agriculture supports the growth of various industries and the economy.

4) **Rural Development**

Agriculture is the backbone of rural economies. Investment in agriculture lead the development of rural infrastructure such as roads, electricity and irrigation systems which improves the quality of life in rural areas .

5) **Export Earnings**

Agriculture contributes to a country's foreign exchange earnings by exporting crops, fruits, vegetables and other agricultural products. For countries like India, agricultural exports are a major source of revenue, helping to balance trade and strength the economy.

6) **Economic Contribution**

Agriculture contributes to the Gross Domestic Product (GDP) of many developing countries. In India, the agriculture sector plays a key role in the economy by generating income, food processing and contributing to exports.

7) **Rural-Urban Linkage**

Agriculture strengthens the connection between rural and urban areas. Rural areas supply food and raw materials to cities, while urban areas provide technology and markets. This interdependence supports over-all national development and economic growth.

Q:2 Discuss the challenges in agriculture in India. (2024)

1) **Small Landholdings**

In India, many farmers own very small land. This makes it difficult to use modern farming techniques and machinery efficiently. Small landholdings often result in low productivity and make it challenging for farmers to earn a good income.

2) **Dependence On Monsoon**

Indian agriculture heavily depends on the monsoon rains. In many regions, the lack of proper irrigation systems means that farmers depends on the seasonal rains for watering their crops. If the monsoon is weak or delayed, it can lead to droughts and crop failures and financial losses for farmers.

3) **Lack Of Modern Technology**

Many Indian farmers do not have access to modern farming technology such as advanced machinery, irrigation systems and good seeds. This keeps them stuck with tradition methods that are less efficient and productive.

4) **Poor Rural Infrastructure**

In many rural areas, infrastructure like roads, electricity and communication network is underdeveloped. Poor infrastructure makes it difficult for farmers to access markets, store their produce and information about weather condition.

5) **Water Scarcity**

Water scarcity is critical issue in India due to over-extraction of ground water and climate change. Many region face severe water shortages which affects crop quality.

6) **High Input Cost**

The cost of agricultural inputs like seeds, fertilizers, pesticides and machinery is often high. Many small farmers cannot afford these inputs which limits their ability to improve productivity.

7) **Climate Change and Extreme Weather**

Climate change is a significant challenge to Indian agriculture like droughts, floods and unseasonal rains. These weather can destroy crops, reduce crop quality and disrupt farming activities, making agriculture more risky and less predictable.

Q:3 Discuss the promotional schemes of government for agriculture development.

1) <u>Pradhan Mantri Fasal Bima Yojana</u>

<u>Objective</u>: This scheme provides insurance coverage to farmers against crop failure due to natural calamities and dieases. It helps farmers manage the risk associated with farming and ensures that they do not suffer financial losses.

<u>Key Features</u>: Farmers pay a small premium and the government covers the rest. The scheme covers both winter and monsoon crops.

2) <u>Pradhan Mantri Krishi Sinchai Yojana</u>

<u>Objective</u>: This scheme focuses on improving irrigation coverage and ensuring efficient use of water resources to enhance agricultural productivity.

<u>Key Features</u>: The scheme includes components like "Har Khet Ko Pani" "Per Drop More Crop". It promotes micro-irrigation technique like drip and sprinkler irrigation.

3) <u>Kishan Credit Card</u>

<u>Objectives</u>: The kishan Credit Card Scheme provides farmers with easy access to for crop production, purchase of equipment and other agricultural needs.

<u>Key Features</u>: Farmers receive a credit card with a fixed limit based on their landholding and crop pattern. The interest rates are low and repayment terms are flexible.

4) <u>Pradhan Mantri Kishan Samman Niddhi</u>

<u>Objectives:</u> This scheme provides direct financial support to small farmers to help them meet their agricultural needs.

<u>Key Features:</u> Eligible farmers receive rs.6000 per year in three equal installments directly into their bank accounts. This helps them with input costs like seeds, fertilizers and labor.

5) **National Agricultural Market (e-NAM)**

Objective: e-NAM is an online trading platform that aims to create a unified national market for agricultural commodities by connecting various agricultural produce market committee across the country.

Key Features: Farmers can sell their produce online at competitive prices, reducing their dependency on middlemen. It provides betted price and transparency.

6) **Paramparagat Krishi Vikas Yojana**

Objectives: Paramparagat krishi vikas yojana promotes organic farming to enhance soil health and produce chemical free, high quality agricultural products.

Key Features: Farmers receive training and financial support adopt organic farming practices.

Q:4 Explain the suggestions to overcome agriculture challenges.(2024)

1) **Improve access to Modern Technology**

Promote the modern farming technologies advanced machinery, quality seeds and agriculture tool.

The government and private sector can provide subsidies &training to make these technologies to all farmers.

2) **Enhance Irrigation Infrastructure**

Expand irrigation systems to reduce the dependence on monsoon rains. Implement irrigation projects like canals, dams and rainwater harvesting system. Promote drip and sprinkler irrigation techniques.

3) **Promote Sustainable Farming Practice**

Encourage the adoption of sustainable farming practices to protect the environment. Promote organic farming and integrated pest management to reduce the use of harmful chemicals.

4) **Strengthen Farmer's Education and training**

Increase access to education and training programs for farmers to improve their knowledge. Establish more agricultural training centers and use digital platforms like mobile apps and online courses to provide information.

5) Improve Agricultural Research and Development

Increase investment in agricultural research to develop new technologies that enhance productivity and sustainability.

Strengthen public and private sector collaboration in R&D and focusing on developing.

6) Promote Soil Health Management

Focus on improving soil health through balanced use of fertilizers and organic farming practice. Educate farmers about the importance of using organic pest.

UNIT-3

NITI AAYOG

Q:1 Meaning and definitions of NITI AYOG.

The term ”NITI” means policy or strategy, reflecting the role in guiding policy making and strategic planning.

The word “AYOG” means commission or board, indicating its function as body that advises and supports the government.

NITI AYOG stands for the national institution for Transforming India AYOG it is an Indian government institution that formulate and implement policies and programs for the country’s development.

Q:2 Brief overview of economic planning.

Economic Planning: Economic planning the process by which a government sets an objectives and achieve over a specific period it invoice making decision about how to allocate resources like money, Labor and materials.

❖ **Types of economic planning**

1) Centralized Planning

The government makes all major economic decision and control resources.

2) Decentralized Planning

Decisions are made at various levels (local, regional, national) with less control.

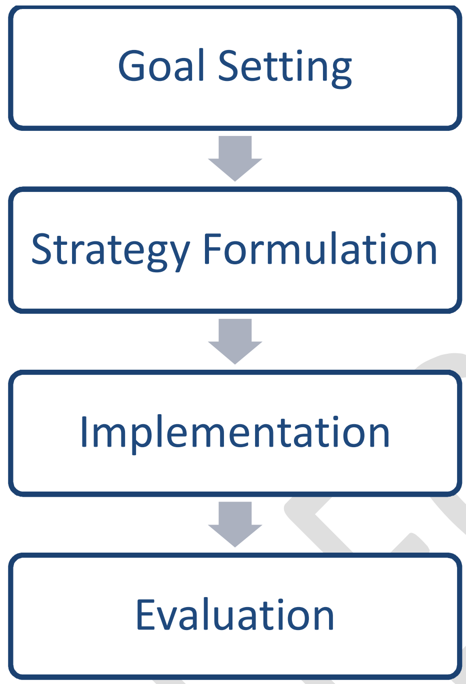
3) Mixed Planning

Combination of both centralized and decentralized planning, where the government guides and supports the economy but allows market forces to play a role.

❖ **Objectives of economic planning**

1) Increase overall wealth and out put the money.
2) Create job opportunities and reduce unemployment.
3) Build infrastructure like roads, school, hospitals.
4) Achieve economic stability by controlling inflation.

<u>Stages Of Economic Planning</u>



Example: India used a series of five year plans to guide its economic development, focusing on various sectors like agriculture, industry and education.

Q:3 Differentiate between planning commission and NITI AYOG(2024).

Planning Commission	NITI AYOG
1) Established in 1950 to for mulate Five year plans for country's economic development.	**1)** Established in 2015 to focusing on creating long term strategies.
2) Used a centralized approach wit the central government making Most the decisions.	**2)** Used a decentralized approach working with stated to develop policies.
3)Created detailed plans for diff sectors allocated resources and set targets for achieving growth.	**3)** Provides strategic and policy advice, support the implementation of development programs.

4) Focuses on 5 year plans setting specific targets and resource allocations.	**4)** Focuses on strategic planning innovation and flexibility, moving away from rigid 5 year plans.
5)Planned projects related to infrastructure, agriculture, education and industry.	**5)**Provides policies like planning economic growth, social development and public-private partnership.

Q:4 Objectives of NITI AYOG (2024)

1) <u>Promote Sustainable Development</u>

Ensure that development is balanced and without compromising future generations. Focus on integreating economic growth with environmental protection, clean energy, sustainable agriculture and responsible resource use.

2) <u>Encourage Innovation and Entrepreneurship</u>

Support the growth of new businesses and innovation solutions to drive economic progress. Promote startups and new technologies provide support and incentives for entrepreneurs.

3) <u>Formulate and Implement National Strategies</u>

Develop long term strategies to address key national challenges and guide overall development. Promote policies on issues like economic growth, healthcare, education.

4) <u>Enhance Efficiency and Accountability</u>

Improve the efficiency of government programs and ensure accountability in their implement.

5) <u>Simplification public private partnerships</u>

Create frameworks for collaboration between government agencies and private companies. Support projects that joint investment and management.

6) <u>Promote Data driven decision making</u>

Use accurate and timely data to inform policy decision and improve planning. Develop data analytics tools to gather information use insights from data to shape policies and measure their impact.

Q:5 Structure of NITI AYOG(2024)

1) <u>Prime minister</u>

The prime minister of India serves as a chairperson of NITI AYOG.As a head of NITI AYOG, the prime minister provides overall direction and leadership.

2) **Government Council**

This council include chief ministers of states and lieutenant governors of union territories. Various state providing input and feedback on national and policies and strategies.

3) **Advisory Council**

Composed of experts and specialists from various fields including economist, scientist and academics. They provides expert advice on various issues and policies.

4) **Governing Board**

The Governing Board is a team of senior officials and representatives from central and state governments, led by the vice chairperson. It ensures that organization activities align with its objectives and goals.

5) **Technical and Research Division**

Specialized divisions within NITI AYOG handle specific areas such as economic research, policy analysis and planning. They develop reports and studies on various issues.

Q:6 Functions of NITI AYOG(2024)

1) **Policy Formulation**

Develops policies to guide national development and address key challenges. Focus on long term strategies and innovative solutions.

2) **Strategic planning**

Develops strategic plans that align with national goals and priorities. Provides a roadmap for achieving sustainable growth and development.

3) **Monitoring and Evaluation**

Monitors the implementation of government programs and evaluates their effectiveness track progress and provides feedback to improve program performance.

4) **Encouraging Regional Development**

Identifies regions that need additional support and implements targeted programs to boost growth and development.

5) **Promoting Inclusive Development**

Ensure that all segments of society benefit from economic growth. Design policies that address inequalities and support disadvantaged groups.